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ABSTRACT

This bulletin focuses on four aspects of budget development and management in local school districts. Chapter 1 describes the general budget development process, highlighting variations some Oregon districts have found useful. The chapter outlines the responsibilities of educational agencies and district staff members at various levels and reviews the staff's role in projecting enrollments, estimating revenues and expenditures, setting goals, evaluating programs, and organizing budgetary information appropriately. Chapter 2 discusses the essential components of sound budget management, including selecting and training qualified personnel, organizing and testing the business system, maintaining a suitable cash reserve, and decentralizing district budgeting processes. Chapter 3 covers cost control in the areas of salaries, insurance, purchasing, inventory, food services, and cocurricular activities. The fourth chapter describes tools that local districts have used effectively to encourage public support, with special emphasis on the use of citizen advisory committees. The bulletin concludes that the two primary factors in successful budget management are a dedicated, professional staff and a proud and involved community. References, a list of school officials interviewed for the bulletin, and an outline of the competencies recommended for school business officials by the Oregon Association of School Business Officials supplement the report. (PGD)

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William J. Holly

February 1987
Vol. 30, No. 6

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OSSC BULLETIN

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Developing, Managing,
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the School District Budget

William J. Holly

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Oregon School Study Council

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Preface

If managing the financial affairs of a school district is big business, it remains a very special business. It is a business accountable to the public it serves, charged with providing for the education of the children in its district. Good business sense in combination with knowledge and experience in sound business management are needed to discharge this responsibility. Political and people-management skills and understanding of academics may play equally important roles.

This Bulletin draws upon recent experiences of several school districts to describe the important elements in successful management of a school's financial resources. It emphasizes the importance of involving the community and all school staff in goal setting and budget development. It discusses the special qualities needed in a school business official and how to cope with the threatened shortage of such experienced personnel. It describes how several districts have successfully cultivated community involvement in school affairs to marshal public support for the school and its budget. And it details a few of the areas in which districts have managed to cut costs.

Author William J. Holly did his undergraduate work at the University of Oregon and received his Ph.D. in philosophy at the University of California, Irvine.

Philip K. Piele
Executive Secretary

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Introduction

Developing the school district budget document is not simply an exercise in balancing anticipated expenditures against estimated revenues. The budget document expresses in dollars and cents the educational commitment, priorities, and policies of the community. It must provide for the education of the children within its district according to standards set by state and federal governments. And it must be sensitive to the concerns of local taxpayers who provide most of its revenues.

Managing a school budget is big business. Even a small district with only 1,000 students will have a budget in the \$5 million range; a district of 20,000 students will need a general operating budget of over \$90 million. Sound management practices and efficient accounting systems form the basis of accountability. The district must be able to account for its expenditures in terms of results achieved in relation to specific goals.

The procedures to be used in developing budgets, keeping accounts, and reporting have become increasingly standardized and regulated by law. Much of the knowledge and skill required for managing budget operations can be acquired only through a combination of formal training and on-the-job experience. But when those responsible for Oregon school budget management experience unfamiliar problems, they have an excellent support system in the services provided by the Oregon Department of Education (ODE), their educational service districts, and the advice of their colleagues across the state.

This Bulletin focuses on four aspects of budget development and management in local school districts. Chapter 1 describes the processes involved in the development of the general budget, highlighting variations some districts have found useful. Chapter 2 discusses the essential components of sound budget management. Chapter 3 covers areas in which districts have been able to cut costs. The final chapter describes tools local districts have used effectively to win and maintain public support, with special emphasis on the use of citizen advisory committees.

Chapter 1 Developing the Budget

Preparing the local school district budget is a task that requires a high degree of organization. State agencies monitor and assist local districts to ensure compliance with state standards. Local school boards establish budget calendars and appoint budget committees. And superintendents establish budgeting schedules to coordinate the efforts of their staff in preparation of preliminary budgets.

Staff efforts in preparing the preliminary budget include projecting enrollment, estimating revenues and expenditures, setting goals and evaluating programs, and organizing budgetary information into budget form.

The Chain of Responsibility

In developing the school district budget, the school board first approves a budget calendar, outlining the steps of budget development and the procedures for complying with Oregon's Local Budget Law. It then forms a budget committee that consists of the local school board members and an equal number of citizens at large, appointed by the board for a term of three years.

The budget committee holds public meetings, determines the program to be offered and its cost, estimates available resources, and calculates property taxes necessary to balance the budget. Although the committee's proposed budget is subject to approval by the school board, the proposal sets an upper limit to the property tax that can be levied. Moreover, the board's adopted budget cannot exceed the proposed budget by more than 10 percent and cannot increase taxes above what was earlier approved. If necessary, the school board then submits a levy proposal to the voters and certifies the levy to the assessor.

As executive officer of the school board, the superintendent provides leadership in taking the budget through its several stages of development. He or she is responsible for preparing and presenting to the budget committee a preliminary budget document along with an explanatory budget message. He or she then assists them in preparing their budget recommendations to the board.

Involving All Staff

The superintendent's preliminary or proposed budget grows out of the district's long-term plan and the budget file. Budgets for prior years provide a natural guideline for maintaining the status quo. This precedent will be modified by expected changes in revenue and expenditure due to such factors as enrollment changes, salary and benefit increases, energy and insurance costs, inflation and interest rates, urgent maintenance projects, and difficulties in levying or collecting property taxes.

In preparing the preliminary budget, the superintendent works closely with and leans heavily upon his or her deputy clerk or business manager to assemble relevant budgetary figures. In large districts responsibilities for managing various aspects of the budget may be divided among several different personnel. In Corvallis, the director of business services oversees three subordinate managers, one in charge of fiscal services, one for operations (maintenance, warehousing, purchasing), and one for food services. Springfield has both a director of business and a director of fiscal planning. And Beaverton has an assistant superintendent of business who oversees a demographics department, cost centers, and specialists in such areas as purchasing, warehousing, and proper fund accounting. The superintendent relies on personnel in the central business office to compile and arrange data needed for the budget.

Even though the proposed budget is compiled at central offices, most districts surveyed follow Ronald R. Mrozinski's (1983) advice on how to build a sound budget: They get everyone in on its construction. That is to say, budget requests filter up from teachers, custodians, and all employees of the district. A budget preparation calendar is distributed to principals, program directors, and other administrators who then conduct staff meetings to formulate budget requests.

Principals and program directors then forward budget requests to the central office where they are identified by budget codes and building locations. These requests are reviewed by the superintendent and central office administrators with principals and program directors present as representatives of their staff.

Most of the districts contacted for this Bulletin use essentially this process. The result is that much preliminary budgeting is budgeting by school building, not budgeting by program.

This involvement of all staff in initial budget preparation makes sense on two levels. First, staff at the working levels are closer to the needs of their programs. Second, the working staff need to know that they are valued and that their voices are heard. Several districts even encourage citizens' input into preliminary budgeting, sometimes in the form of lay-advisory committees. For example, Creswell has a Building and Grounds Committee composed of administrators, teachers, and lay people who inspect facilities and recommend projects for funding.

Three other elements in preparation of the proposed budget merit consideration: projecting student enrollments, setting short- and long-term goals, and compiling the proposed budget.

Enrollment Projections

It is very important to have accurate projections of student enrollment at all grade levels for the coming year and for several years ahead. The cost of educating one student is usually in the neighborhood of \$4,000. The majority of this expense derives from teachers' salaries and benefits, which can comprise 75 percent of the operating budget. Consequently, an unexpected enrollment change can result in a costly surplus or an embarrassing shortage of teachers.

Because large fluctuations in enrollment tend to cluster at different grade levels, they also can create classroom scheduling problems and force school closures or construction. And, finally, since the state's Basic School Support fund (comprising 25 percent of the operating budget) is based on enrollment, districts need accurate enrollment counts and projections.

K. Forbis Jordan (1985) reports that between 1974 and 1984, K-12 enrollment decreased across the nation by an average of 14 percent. During such enrollment declines, it is difficult to keep the average expenditure per student from increasing, partly because many building and maintenance costs remain the same and partly because of resistance to cutting staff. During that same period, Jordan notes, the number of students per teacher also decreased by 14 percent. Although inflation during the decade was 124 percent, the average teacher salary increased only 101 percent.

One business manager interviewed for this Bulletin, looking at rising salary scales in surrounding districts, worried that teachers would have to accept more students per classroom to get their raises. This process already seems underway in some districts, where administrators tend not to fill teaching vacancies unless absolutely necessary.

Most of the districts contacted said their enrollments began to stabilize four or five years ago. Several were now experiencing or projecting slight increases, especially in grades 1 and 2, and (surprising some) grades 6-8, perhaps because higher income jobs in the area were attracting older families. Even in a district where enrollment is projected to remain stable, shifting enrollment populations can create problems administrators cannot afford to ignore.

Kent Hunsaker, superintendent of Creswell School District, has a stable enrollment of about 1,000 students and projects it will remain at that level for the next five years. But within that population, there will be a large increase in grades 1 and 2, offset by a large decrease in the high school population. This creates staffing problems, with some teachers needing to be shifted to lower grades and some needing to be shared between schools.

The more pressing problem at Creswell is that the primary school building

cannot accommodate the projected five-year enrollment increase. To meet the problem, Hunsaker presented the community and school board with a study detailing alternative solutions and their pros and cons. The community decided that the social drawbacks involved in shifting primary students to the middle school and grade 8 to the high school were unacceptable. They decided instead to propose a levy for elementary school construction, and it passed. This is an excellent illustration of a public administrator keeping on top of the facts, presenting his constituency with the data they need to make an informed decision, and leaving the political decision to them.

A district the size of Creswell can make fairly accurate enrollment projections by checking enrollments in prior years, checking birth statistics, calling the Chamber of Commerce to see whether new businesses will be attracting new families, and finding out from real estate agents whether new homes are projected in the area. Sometimes population studies can be commissioned at a nominal cost. Large districts, however, may need a demographics department to keep track of shifting populations and resulting problems.

(The Oregon School Study Council offers a computerized enrollment projection service at discounted cost to member districts.)

Goal Setting and Program Evaluation

In developing a preliminary budget, the superintendent will be guided by a set of short- and long-range goals that often will be listed in his or her budget message. These goals fall into three categories. First are general financial or budgetary goals. For example, the superintendent might recommend developing a budget with zero tax increase or propose that a certain percentage of revenues be put aside to get the district out of debt. This category of goals is usually set either by the school board or by the superintendent in consultation with the board and other administrators.

Next are the instructional program goals. Because the basic curriculum to be offered is governed by state standards, these goals usually involve curriculum development or acquisition of instructional equipment. The final category of goals have to do with program support, which includes such things as insulating buildings and replacing buses.

When principals and program directors meet with staff to prepare their budget requests, they need to define their program goals and to evaluate the effectiveness of efforts to achieve those goals. Goal clarification and program evaluation increase the likelihood of goal attainment. These are also important steps toward justifying the budget request for that program. Many districts practice what is called zero-base budgeting. This does not mean, for example, that the language arts program would receive a zero budget if the staff could not justify their expenditures. What it does mean is that the staff is forced to review their program and justify all their expenditures from the ground up each year.

When staff and administrators are considering goals and ways to improve their programs, priorities emerge. For example, it is obvious and set by law that if a principal must choose between having a language arts program and a music program, the music program must go. But how is the principal to choose between dropping music and dropping art, or between getting new lab equipment and getting new computers? Support services face the same problem. How to choose between repainting bleachers and improving a playground? This is not to deny that priorities are based upon justifiable considerations. But sometimes there is room for honest disagreement about the weight of those considerations.

When to prioritize items in budget requests is the subject of some disagreement. Ultimately, the school board must make final priority decisions. When a district is faced with severe and potentially unpopular program reductions, however, James Fouts and his colleagues (1984) recommend getting the community's advice on setting priorities. In a district that faced such circumstances, say these writers, committees composed of community volunteers and a principal were informed about legal constraints, state mandatory programs, and the district's financial programs. They then developed priority lists within five different categories, including general education programs, support services, and extracurricular programs. The board found their recommendations helpful and followed most of them.

Arguing for the other side, Ike Launstein, superintendent at Junction City, says lay committees and staff members making budget proposals should not prioritize items. As he points out, prioritizing is a political process and the most politically powerful person in a committee determines the priorities. He thinks it best to allow higher-level administrators to review the requests unweighted. In larger districts this seems to occur naturally since anyone in the community can suggest an addition to a program, and that request will be considered right along with all the others.

Hunsaker provides an illustration of how prioritization can be left to the school board with positive results. As the superintendent of Creswell, he presented the board with a zero-tax-increase budget along with a list of desirable items that could be obtained within the permitted 6 percent tax base increase. The board approved the additional items.

Compiling the Preliminary Budget

With budget requests in hand from the principals and program directors, the superintendent and his staff can begin compiling the proposed budget. Revenues need to be estimated, taking into account projected enrollments, inflation and interest rates, difficulties in levying or collecting property taxes, and anticipated cash reserve at the end of the year. Decisions need to be made about budget requests and expenditures balanced against estimated revenues. Then the budget needs to be compiled in a form that readily displays how the money is being spent.

Oregon requires its districts to account for their expenditures both by function and by object. For example, the function (the "why") of money spent on salaries might be to provide for instruction or for transportation. The object (the "what") of money spent on salaries is the salaries themselves. Even this twofold way of accounting can leave a layman confused about where the school money is being spent. The U.S. Department of Education prefers to structure financial accounts by program since this helps interested persons see more clearly how much instructional and support programs cost and where the money is being spent. Presumably this system eventually will be adopted by every state.

Budgeting by function is very close to budgeting by program because, for example, instruction and transportation can be listed either as functions or as programs. In presenting a budget, the superintendent may well display expenditures by function in enough detail that board members can see how much is spent on language-arts, how much on science instruction, and so forth. But, just as often, he or she may display the budget in terms of expenditures by school building. Even in very large districts, much of budget development seems to be done by building rather than by program.

It is a misunderstanding, however, to ask whether districts budget by function, by object, by building, or by program. In this day of computerized budgeting and item coding, budgets can be displayed in several different ways, depending upon what information one wants to emphasize. The important thing is for data to be displayed in a way that provides the budget committee with a clear picture of what is going on, enabling them to make fully informed decisions.

To facilitate the budget committee's understanding of the preliminary budget, the superintendent is required by state law to append a budget message. The purpose of the message is to explain the budget, outline proposed financial policies, describe important features of the document, provide reasons for salient changes in appropriations and revenue items from previous years, and explain major changes in financial policy.

In leading the budget committee, the superintendent must be able to provide any additional information it requests and to explain and provide reasons for budget items. After the board accepts or modifies the budget recommended by the committee, the board must then submit a levy proposal to the voters if necessary.

In conclusion, developing the budget can be a simple exercise in trying to maintain the *status quo* within projected changes in enrollment, revenues, and costs. At its best, however, the budget development process provides the district an opportunity to reevaluate its goals and the effectiveness of its programs. By involving staff and community in the process, the district also has an opportunity to gather support for its programs and budget.

Chapter 2

Managing the Budget

Managing a multimillion dollar school budget with accountability is a huge responsibility. As the district's budget officer, the superintendent is responsible for keeping the board informed of its financial status and budgetary matters. He or she also is responsible for selecting and monitoring business management staff, for establishing a proper system of accounting and operations, and for making certain the system works.

Selecting Expert Business Officials

According to R.E. Everett (1985), the superintendent of a district with a student enrollment that exceeds 1,000 will need an administrator in charge of business affairs. The position's responsibilities include financial planning, data processing, debt and borrowing management, budgeting, fiscal accounting, internal and external audits, payroll, purchasing, property assessment, tax levying and collecting, and supplies management.

In Oregon, 228 districts have a deputy clerk, whereas only 77 have business managers. The primary distinction between a deputy clerk and a business manager is that the former is basically an accountant, whereas the latter has more comprehensive responsibility for all support services. Where does one obtain good business managers for school districts?

Shortage of Qualified Personnel

In a recent article in *Education Week*, William Montague (1986) reports that large numbers of experienced managers are nearing retirement and will not be easily replaced. Because of relatively low salaries and limited advancement opportunities in their present positions, some are being lured away by the private sector. Few universities offer graduate studies in education finance, and few students enroll in their programs. Many education-finance graduates shun public schools, preferring to teach or take positions in institutions of higher education. And for those interested in public school positions, the

traditional career track of taking a top business post with a small district before moving up to larger districts no longer exists, according to Montague. Many school boards are reluctant to accept education-finance graduates with no administrative experience.

This shortage of experienced business managers is forcing some districts to promote principals, bookkeepers, and other clerical employees who may not have the skills to draw up a budget, procure a large computer system, or manage finances, maintenance, and purchasing. In California, state education officials are concerned that this shortage of qualified business managers will result in major financial difficulties in many districts. The California Legislature has instructed the Department of Education to design a program to train business managers, superintendents, and board members in business management skills. The program will stress basic accounting, budgeting, and data-management techniques. It also will promote mastery of the state's complicated auditing and financial reporting requirements.

Oregon does not seem to have as much reason to be concerned as California about the shortage of experienced business managers. The larger districts do raid smaller districts for their experienced staff, but some of the smaller districts have been able to draw experienced business managers away from the private sector. Most of these business managers drawn from the private sector have had experience managing finances, drawing up budgets, and managing accounting systems, payroll, and purchasing.

Sources of Training

To assist new managers in mastering the special requirements of Oregon school finances, the ODE has published a *Program Budgeting and Accounting Manual* for school districts. The department also has a staff of experts in budgeting and finance ready to answer questions. Many ESDs also provide "trouble-shooters" to assist districts experiencing financial problems. And the OASBO (Oregon Association of School Business Officials) holds conferences and workshops that prove very helpful to school business managers.

Beth Slocum, business manager for the Phoenix-Talent School District, believes that some parts of her job can be learned only from experience. With her business degree almost in hand, she worked her way up from playground aide to librarian to business manager in a small district. She believes that this experience gave her a better idea of "what is going on out there in the schools." Her job requires her to be an expert in a very broad range of areas. "On one day I need to be able to talk knowledgeably about textbooks and purchasing, and on the next day I may need to know about roofing repairs, construction costs, contracts and biddings."

Although a great amount of specialized knowledge is needed to manage school business, the new business manager has a ready support system in his or her colleagues across the state. Oregon business managers are a tightly knit

group who know each other on a first name basis and who keep in touch through professional meetings and phone contacts. As Slocum points out, anyone who runs across an unfamiliar problem can get on the phone with a colleague and ask, "What's this all about?"

Competencies in Business Management

What are the most important qualities to look for in business managers? Susan Gill, business manager at Creswell, says they need good business sense. Al Shannon of the ODE says they need to know accounting. They also need to be good problem-solvers, and they need to have good public skills to successfully explain and defend school finances to the board and community. In addition, Shannon says, it is very important for the business manager to have empathy for academics and to know what teachers need to do their jobs.

Shannon, who also serves as executive secretary for the OASBO, cites a recent study by that organization's Professional Development Task Force: *Categories and Competencies: Guidelines for the Professional Development of School Business Officials in Oregon* (1985). The publication (included in the Appendix of this Bulletin) sets forth a comprehensive and detailed six-page list of categories of competence needed by school business officials. This document should serve as an extremely useful guide in selecting and evaluating business officials, in developing programs for professional staff development, and in the manager's own self-evaluation. The major competency categories are as follows:

- A. General (communications, organization, and current management techniques)
- B. Finance (financial planning and budgeting, fiscal operations, and cash management)
- C. Personnel (Personnel management, labor contract management, staff development, and fringe benefit administration)
- D. Facilities (Construction, facilities planning, plant maintenance, plant operations, property management, and energy management)
- E. Auxiliary Services (data processing, food service, insurance and risk management, legal, purchasing, transportation, and warehousing and distribution)

In addition to needing a vast array of specialized knowledge, skills, and experience, two other qualities desirable in a business official seem worth mentioning. First, the business official should appreciate that the sole purpose of the business he or she is managing is to provide children with the best possible education for the money spent. Second, it is important for the business official to take pride in the excellence of the services the business office provides the community. Inspiring his or her staff with similar pride and dedication is also a crucial responsibility. Hal Brauner, director of

business services in Corvallis, exemplifies this attitude:

Some people say that we should run the school like a business. But I tell my staff that we have to do better than business. Businesses are too sloppy. We are servants of the public and are accountable to them. As a public business office, we have to be more imaginative, more creative, more efficient, and more open than a private business.

Supervision by the Superintendent

Although the superintendent can and often must delegate much of the budget responsibility to business officials, he or she needs to maintain close supervision and up-to-date knowledge of the district's financial status and operations. William Lewellen, formerly superintendent of the Springfield School District, says that it is at his or her own risk that a superintendent does not keep in touch with the district's finances. The superintendent should always have the school budget document and the monthly budget status report on the top of his or her desk for ready reference.

Lewellen recommends checking the district's financial status at least twice a month, establishing a system of checks and balances in the business department, and doing spot checks to ensure that the system is operating. He also believes the superintendent should talk to his or her key personnel one-on-one rather than communicating by memo.

Organizing Business Operations

The head business official must ensure that an efficient and accurate system is in place for invoicing, collecting, depositing, and accounting for receivables. The system must also operate to produce payroll and timely payment for district goods and services. And the manager must make sure that accounting and record keeping are done in accord with state guidelines and fund-accounting principles. The operational system should be set up in a manner that maximizes ease, accuracy, and timeliness of input and output and that facilitates retrieval of data needed for internal audit and control, external auditing, and decision-making and budgeting.

School districts usually use the modified accrual system of accounting. In this system, revenues are not recognized on the books until actually received in cash; and expenditures are recognized on the books (encumbered) at the time the debt is incurred, not postponed until payment is made. Many schools have a system that makes the approval of a purchase order show automatically on the books as an encumbrance. This system prevents districts from spending anticipated revenues that might not materialize and keeps them aware of how much they have spent.

An additional constraint on the accounting system is that the school district

must maintain separate accounts for each of its separate funds, thereby making sure that expenditures are made from the correct funding source. To keep funds straight and to make analysis of expenditures easier, the ODE recommends that districts use a code system that classifies expenditures by function, by object, by organizational unit and activity, and by fiscal year. When each expenditure has a classification code for each of its dimensions—identifying its fund, year, organization unit, function, and object—more complete accountability is possible and more information is readily available to management.

To facilitate the operation of this system, the ODE program budgeting and accounting manual recommends using preprinted requisition forms for each unit or program area, with space for a description of the purchased item. Copies of the forms can be filed appropriately for later analysis.

Central to any accounting and analysis operation is the data-processing system. One of the most valuable services provided by Oregon ESDs is a system of hardware and software specifically designed to meet the local district's business and accounting needs. Over 150 districts make use of the Lane County ESD's Oregon Total Information Service (OTIS). Connected to OTIS's mainframe computer, districts use the service's software to keep records of receipts, encumbrances, and expenditures up to the minute, to produce payroll and monthly budget status reports, and to produce spreadsheets for data analysis. Virtually with the press of a button, they can produce the official budget document in the form required by the state. A few of the largest school districts, such as Beaverton, on the other hand, have developed their own data processing systems to fit their special needs.

Making Sure the System Works

Even the best of operational systems is no better than the personnel who oversee and operate it. Some superintendents do spot checks on personnel in the business office to make sure that purchase orders are being processed promptly, that cross files are being maintained, and so forth. When work begins piling up on someone's desk, the financial figures being produced for analysis will not be up-to-date and can be misleading. Such delays may indicate a problem with the system or with the personnel who operate it.

To avoid fraud, error, and untimeliness, it is important to have a system of checks and balances whereby personnel check each other's work. For example, many systems require dual signing of requisition orders and payment checks. Cross-filing and cross-referencing provide an additional check on the system.

The monthly budget-status report provides some indication of whether the system is working. Superintendents and boards keep track of the "big four revenues" (property tax receipts for the current year, late collections from the prior year, the Basic School Support Fund, and current operating capital) to see whether revenues are as anticipated. And they check to see whether

expenditures are in line with projections. Significant deviations from anticipated revenues or expenditures need to be analyzed and dealt with by management.

Although the school district business office has its own system of internal auditing, external auditing is required by law as well. External auditors do not simply check the honesty and competence of the school business officers. Usually they have a close working relationship with the business manager, and often they have useful advice on improving the efficiency of the system.

William Lewellen recalled that when he was superintendent of the Springfield School District he told his external auditors, "If you come to me at the end of the year and tell me we fouled up, I'll fire you. I don't hire experts to tell me when we are in trouble. I hire experts to tell me how to keep *out* of trouble." Betty Burkeen, business manager for the Junction City School District, has found her external auditors very helpful in giving suggestions for streamlining accounting procedures and even giving advice on the legality of certain school investments.

John Beedle, business manager for the Coquille School District, wryly remarked that he sometimes found himself improving his operations just to keep his external auditors happy—to make the auditors' job easier. Having established a dual system of internal controls, Beedle has had his business system analyzed and rated efficient, and he gets clean audits.

Maintaining the Cash Reserve

The fastest way for a school district to get into financial and political trouble is to end the year with either too much or too little unspent revenue. Voters tend to view an excess of funds at the end of the year as a sign that their property taxes were higher than they needed to be, not that the district was commendably frugal. On the other hand, the district needs to end the year with an operating reserve sufficient to begin the new year. Most districts try to have a year-end reserve equal to about 5 to 7 percent of the year's total operating budget.

To ensure an ending cash reserve, it must be planned for in the budget, and close tabs must be kept on expenditures and anticipated revenues. It can be helpful as well, for example, to budget generously for energy costs, making certain that unspent energy money is saved for the cash reserve. If necessary, principals and program directors can be denied year-end spending of the remaining portions of their program allotments. Poor bookkeeping, catastrophe, unrealized revenues, and other factors, however, can result in an inadequate cash reserve.

Deficit Spending

Sometimes a school district ends a year having spent more than it had,

forcing it to borrow to begin the next year. Mike M. Jones (1981) reports that on his first day as superintendent at Waycross, Georgia, he was asked to sign a note for \$2.8 million. In 1975, his district carried this amount of indebtedness out of a total budget of \$7 million. Through careful management and planning, setting aside a certain percentage of revenues for debt-reduction, and reducing staff and programs, Jones was able to eliminate this debt and establish an operating reserve within five years. At the same time, he was able to reduce millage levied while student achievement scores improved.

Similar though less spectacular stories of recovery from deficit spending have occurred in Oregon's past. These recoveries were made easier than they might be today by the fact that interest rates on money set aside for debt reduction were much higher then. Since deficit spending (spending beyond revenues in the fiscal year) is basically illegal in Oregon, districts with this problem need a plan to remedy their situation.

To Borrow or Not to Borrow?

Although deficit spending is unhealthy, borrowing need not be. Much of an Oregon school district's revenue arrives in uneven amounts at irregular intervals throughout the year. The largest portion of property tax revenue comes in November and December. Prior to that time, the district needs a substantial carryover of reserve cash to combine with its Basic School Support Fund revenues if it is to avoid borrowing.

After December, however, the district should have more money on hand than needed for operations. Usually this extra money is put into short-term certificates of deposit that will mature at the time the district anticipates it will need the money. Most of the districts contacted for this Bulletin are proud that they have established a cash reserve large enough to avoid pre-November borrowing.

Hal Brauner, director of business services at Corvallis, is an exception. Brauner believes that if a district isn't borrowing, it isn't making the best use of its money. Holding a cash balance to avoid borrowing isn't financially sound, he claims. Although a district does not want to end the fiscal year with a deficit, what Brauner recommends is "cash flow borrowing" at the beginning of the year.

His philosophy is to borrow as much as you can at the beginning of the year and pay back as late as you can at the end of the year. Here is how the system works: The district can borrow against anticipated tax revenues at low interest rates because the tax-anticipation notes are tax free to the buyers. In the meantime, incoming revenues, which do not need to be used because money has been borrowed, can be invested at a higher interest rate, and the district reaps the difference between the rates.

Brauner says that this strategy netted his district an extra \$169,000 last

year. His director of fiscal services, Al Englund, recently published an article in *School Business Affairs* detailing this financial device. A district would have to be fairly large to profit much from this strategy (Corvallis's current budget is about \$30 million), and the practice is not uncontroversial. One school business manager, who preferred to remain anonymous, was not sure that it is proper for a school district to exploit the tax-free nature of tax-anticipation notes as a regular business practice. But it certainly is in line with Brauner's pledge to be imaginative and creative.

Decentralization

During the past ten years school districts have shown increased interest in decentralizing the procedures of budget development and administration. Decentralized budgeting treats each school as a separate entity. The principal assumes a direct role in developing the school budget and is held accountable for proper administration of the budget once it receives the approval of the superintendent. The superintendent and his or her staff coordinate the process of using separate budgets for each school; in many cases, the development of a centralized, districtwide budget is no longer necessary.

According to Theodore J. Kowalski (1980), decentralization of budgeting has benefitted districts' purchasing and increased the stature of principals, who are no longer in the awkward position of having to gain faculty support for decisions made by central office personnel.

In the districts surveyed for this Bulletin, the spirit of decentralization seems to be observed. Budgets are indeed drawn up for each building, and principals coordinate staff efforts in evaluating and recommending changes in their budgets. But final budgetary decisions remain centralized. And although principals may have substantial freedom and responsibility in the administration of their equipment and supply funds (a very small portion of the budget), the principal's expenditures remain tightly controlled by the central office. Allocations are based on close estimates of needed items, and line-item transfers and purchase orders require central office approval.

Corvallis seems to allow its principals great freedom in expenditure of their equipment and supply budgets. But this may be due primarily to the difficulty of tracking all expenditures in such a large district.

To sum up, the school business official needs knowledge and experience in an exceptionally wide range of areas. Given the prospect that many of the most experienced business officials may soon be retiring, concern about their replacement is justified. But in addition to on-the-job experience, the Oregon school business official can tap many resources, including services provided by the ODE, the local ESD, professional meetings, workshops and journals, and the advice and experience of colleagues.

Chapter 3

Keeping Costs Down

Careful management can save the district money in many areas of expenditure. This chapter focuses on areas most frequently examined to cut costs.

Salaries

Salaries and benefits account for approximately 75 percent of a district's operating budget, and negotiated staff settlements seem to be running about 5 percent. Despite great resistance to reduction in force ("riffing" as it is called), staff reduction is the most obvious cost-cut available when revenues fail. It also can be demoralizing. Schools in financial crisis usually reduce staff by putting off maintenance projects and leaving school grounds unkempt, and by cutting elective courses such as band, art, foreign languages, and industrial arts. Ironically, the districts that most need good public relations often find themselves forced to sacrifice their public image through such economies.

Not all reduction in staff needs to be harmful, however. One business manager who preferred not to reveal names said that some surrounding districts, forced to make significant reductions in staff, found to their embarrassment that they got along quite well without them. Enrollment decline in recent years without equal reduction in teaching and administrative staff has resulted in a general reduction in the student/staff ratio. Superintendents who feel the need to raise this ratio prefer the relatively painless method of not filling vacancies when they occur. This method seems especially promising now when large numbers of teachers are reaching retirement age and enrollments are projected to begin increasing. Even when projected enrollments show the need to hire more teachers, it may be advisable to hire at the last minute to verify the increases.

One tool commonly used in assessing a district's student/staff is to compare it with that of comparable surrounding districts. Kent Hunsaker, superintendent of Creswell School District, commissioned an Oregon School Boards Association study to do just that. The study of 1984-85 staffing revealed that Creswell compared

very favorably with industry and school districts on its ratio of administrators to staff. But on the ratio of students to certified staff, the average of the fourteen other districts referred to in the study was 15.3, whereas Creswell's was only 13.77, indicating overstaffing. By leaving vacancies unfilled, Hunsaker was able to raise the ratio to 14.5 for 1986-87.

Figures on students per certified staff can be misleading because some certified staff (librarians, for example) do not perform teaching duties. Hal Brauner's study, which compares his Corvallis district with twelve other districts, makes the matter clearer. He does this by providing four categories for comparison: (1) students per classroom teacher, (2) students per instructional certified staff, (3) students per all certified staff, and (4) students per all staff.

Brauner's comparative study contains eight pages of data on cost per student for regular instruction, special instruction, pupil services, general administration, school administration, food services, transportation, operation and maintenance of plant, total debt service, and many other expense items. Studies such as these are valuable both in justifying a district's expenditures and in identifying areas in which improvement relative to other districts might be needed. But comparative studies only indicate a possibility that a district is doing well or poorly in a certain area. Discrepancies may not signify that changes are necessary, but they do warrant further investigation. Different costs for different schools can be legitimate.

One way of saving on salary costs is to hire part-time and temporary workers for periods of peak activity. For example, Jerry C. McGee (1982) recommends hiring part-time clerks for the busiest times. Several Oregon districts contacted do hire temporary workers for grounds and maintenance during the summer. Salaries and benefits for part-time and temporary workers usually are significantly less than for permanent full-time workers. McGee also recommends reducing some personnel from twelve- to ten-month contracts and closing all offices for forced vacations to save money. The use of community volunteers and teacher's aides can help, too.

J. Boyd Scebra (1983) recommends that the school board formally approve all hirings, resignations, and terminations and that the payroll office use that official record for cross-referencing to avoid sending checks to people not employed.

Insurance

Large school districts are beginning to follow the lead of large businesses in self-insuring property coverages, employee health coverage, and Worker's Compensation. Self-insurance requires being able to set aside a large reserve. Corvallis has an insurance fund of \$900,000, and Beaverton has one of several million dollars. Based upon past loss experiences, insurance with high deductibles is still maintained to cover high losses.

Although smaller districts are not able to set aside reserves sufficient for self-insurance, many opt to pay unemployment benefits directly as they arise, rather than paying into the Unemployment Compensation Trust Fund or state pool. Each year, however, they reevaluate their employment situation to determine which alternative is most to their benefit.

In these times of dramatically rising insurance costs, Creswell, Corvallis, and other districts have saved considerable sums by having experts shop among the various insurance companies. While rising insurance costs can be distressing, Kent Hunsaker of Creswell points out that, on the other hand, insurance rates were halved five years ago. John Beedle, business manager at Coquille, agrees that there is no need for alarm. "We have to remember that insurance runs in cycles."

Purchasing and Inventory

Business managers keep close track of purchasing. They buy in volume when advantageous, make sure payments are made from the right funds, and refer purchase requests that exceed an established limit (usually \$500) to the school board. In Coquille, the business manager personally checks and approves all purchase orders.

Business managers also are responsible for ensuring that proper bidding procedures have been followed. As Susan Gill, business manager at Creswell, puts it, "Bidding saves money. And it's the law." Procedures must be established and responsibilities delegated for checking goods received before payment is made.

Taking advantage of current data processing systems, many school districts store their inventory of furniture, equipment, and supplies on computer. Inventory systems identify the item, its cost, date of purchase, insurance coverage, and location. They also should provide for entry, removal, and change of location. This information can decrease the likelihood of purchasing unneeded items already stocked in warehouses.

As Beth Slocum of Phoenix-Talent School District pointed out, these computer records can also lead to savings on insurance costs. When putting their inventory on computer, her district discovered that two of six pianos that were insured had been discarded. The inventory list with up-to-date item location can save on insurance in another way, too: Insurance companies won't pay for items destroyed in a fire if you can't prove they were located there.

Food Services

Several districts contacted recounted successes in their school lunch programs. Kent Hunsaker at Creswell is proud that his district's lunch

program is self-supporting except for staff salaries, even though the district has the lowest lunch prices in the county. He attributes this success to centralized food preparation; meals are prepared in one kitchen and transported to the other schools.

Junction City's lunch program is also self-sufficient, partly due to charging a little more and to the entrepreneurial spirit of the staff. And in Phoenix-Talent, the lunch program was made more economical by increasing high school student participation. "We remodeled the cafeteria and put in a jukebox," reports Slocum. "Now, instead of leaving campus for lunch, students go to the cafeteria. It has become the new student hangout, the place to be."

Cocurricular Activities

When faced with the choice between cutting core academic courses or cocurricular activities, obviously the latter must be cut. As an alternative to eliminating cocurricular programs, sometimes districts can charge user fees or get community booster clubs to raise money for athletics.

Thomas J. Pepe and Alice L. Tufts (1984) introduce a note of caution, however. In California and a few other states, any school-sponsored curricular or cocurricular activity must be offered free of charge. In Iowa, on the other hand, some legislators have argued that only the four courses required by law for graduation (American history, U.S. and Iowa government, and physical education) must be offered free of charge. The point is that this is a legal matter that can vary radically from state to state.

Although some districts have managed to get local booster clubs to assume financial responsibility for athletics, the widespread practice in Oregon today is to charge a user's fee of \$25 per sport per student. Eliminating athletics entirely seemed unwise to Ike Launstein at Junction City after his public opinion survey showed that the public was divided on the importance of athletics. "It seemed an area best not to touch." But when Coquille found it necessary to cut baseball and golf, local groups secured personnel and funds to continue the programs.

This chapter has provided a short list of areas in which budget cuts often can be made. Other areas that merit consideration can be found in the literature cited. A district that wishes to pinpoint additional areas in which savings might be made should consider undertaking a study to compare its costs for providing programs and services with those of other districts.

Chapter 4

Gaining Public Support

Even with the best of management, a school district cannot carry out its responsibilities if it lacks the confidence and support of the local community. Fifty percent of the average district's operating revenues and all of its construction bonds are subject to local approval of property tax levies.

This chapter focuses on what essentially are political practices several districts have found effective in obtaining and keeping community support. The term *political* here is not meant to imply any dishonesty or manipulation on the part of the schools. Politics at its best is a policy of openness and honesty in an atmosphere of mutual cooperation and shared goals.

Credibility, Pride, and Courtship

William Lewellen, past superintendent of the Springfield School District and now a member of the Lane ESD board, believes that credibility is the most valuable asset a superintendent can have. "If you have credibility in the community, you can get away with just about anything. If you don't have credibility, you won't last even if you are doing the best job in the world." This advice echoes that of a distinguished former judge in Eugene, who said that the appearance of justice can be as important as justice itself.

Of course, the point is not that justice should be sacrificed for its appearance. Rather, in a democracy, people have a right not only to justice as defined by law, but they have a right to a clear understanding that justice has been done. Similarly, the public deserves not only competent management of their schools, but evidence that the superintendent and other managers merit their confidence. Credibility is part of the job.

The key to credibility, according to Lewellen, is openness.

The first time you discover you made a mistake, admit it. Don't try to cover it up. If you try to cover it up, someone will find out, and you will look twice as bad. If you know you have a problem, pick up the phone and call the newspapers and tell them what you are doing to correct the problem. Be willing to admit improvement. And always resist the temptation to blame someone else for the problem.

There are many ways to carry out this policy of openness and communication with the public. Public meetings conducted by the budget committee provide a platform for promoting an understanding of the school and its budget, and they are covered by the press. Superintendents can hold press conferences or notify reporters of school happenings that might merit feature articles. Some superintendents even submit columns to the local newspapers, explaining programs and budgetary matters.

In Corvallis, administrators hold luncheons with community, business and religious leaders and other interested groups, sometimes inviting the public at large. These events are not simply opportunities for the administration to promote an understanding and appreciation of school operations. They are an opportunity for two-way communication and mutual cooperation. They provide administrators with important feedback from the community and serve to demonstrate that the administration values and seeks out opinions in the community it serves. P.T.A. meetings and lay-advisory committees (discussed in the next section) also provide important contact with the community.

Special school events help foster a public sense of community with the schools. Creswell School District holds concerts, a traditional Halloween carnival, a grandparents day at school, and even a 100's day for people 100 years old or older. Kent Hunsaker, Creswell superintendent, reports that the whole community is there on open house day. So many people attended this year that they soon ran out of cookies. Following up the event, the district's newsletter showed pictures of people having fun at the open house, among other stories.

Phoenix-Talent, another relatively small district (2,282 students), uses a similar combination of open houses, Halloween carnivals, musical events, and talent shows to promote community involvement and to show off their schools and their children. Beth Slocum, business manager for the district, is especially proud of the children's high achievement scores and of special innovative courses, which are mentioned in the district's "quick fact" sheet.

Part of Phoenix-Talent's successful effort to pass a new tax base in 1986 was an almost shameless courtship of the public. In selling the tax base to older citizens who no longer have children in school, the PR manager appealed to pride in the community's schools, to the fact that others had supported their children, and to the fact that these children will be paying for their Social Security benefits. "We try to get across the point that our kids are different from what they see on television," says Slocum. As part of this effort during the levy campaign, the high school home economics class put on a dinner for senior citizens, the band and choir provided musical entertainment, and the drama class put on a play.

Lay Advisory Committees

James Fouts and his colleagues (1984) see three main benefits to be

derived from the use of citizen advisory committees. They educate the citizens about budget and education processes, demonstrate concern for citizens' opinions, and help define the community's educational priorities. It should be added that citizens often have special knowledge and talents that can make a genuine contribution to school management and education. For example, a citizen in Junction City proposed a different system of bus routes. Adoption of her schedule change saved the district money.

Springfield School District has formed lay advisory committees for new courses being developed in fourteen occupational clusters such as health services, auto mechanics, and robotics. Through these citizen committees, the district can tap expert, state-of-the-art knowledge in the community that otherwise might be expensive to obtain.

A citizen advisory committee for each of Creswell's three schools consists of the principal, a teacher, and volunteers from the community willing to faithfully attend the monthly meetings. The principal keeps the committee informed of school concerns and solicits their input, thereby providing the community with an opportunity to become informed about and involved with its schools. One committee, upon learning of the need for new playground equipment, is raising money for the project. Members of another committee contributed labor to paint some school facilities.

Many districts have grounds and maintenance committees, which physically inspect facilities and make estimates and recommendations to the board.

Corvallis, a relatively large district, also makes good use of volunteer citizen advisory committees. Each school has a committee that meets monthly. Each committee, in turn, sends a representative to a central parents' advisory group that passes on recommendations to higher administrative levels.

In times of crisis, Junction City School District used citizen advisory committees as a tool to reestablish credibility with the voters, to educate the public, and to help determine community priorities for cutting programs. Now that the public's confidence in Junction City's schools has been restored, the district is considering dropping the use of these committees. "The community is satisfied with the job we are doing, and isn't as interested now," says Ike Launstein, superintendent. "We are having trouble getting citizens to volunteer now."

Beth Slocum of Phoenix-Talent, on the other side, feels that citizen advisory committees are well worth preserving, despite their often very time-consuming nature. They serve to keep the community in touch with, informed about, and involved in the district school system. William Lewellen says, "You don't just bring in citizen advisory committees to get you out of trouble, then drop them. You keep them in place to maintain your credibility." One last piece of advice from Lewellen: "Know what you want out of your committee, and explain its advisory role and charge personally. And, once you have created your advisory committee, you had better make sure you listen to their advice."

Passing the Tax Base

Junction City provides a good example of a troubled district that managed to marshal public support and pass a new tax base in 1986. The district's problems began in 1980, due in part to a large cash carryover that netted \$250,000 in interest, making voters feel overtaxed. In 1983, still operating from a 1916 tax base, schools were temporarily closed through failure of tax levy proposals. The community, experiencing economic hardship, wanted cuts in the talented and gifted program, elementary swim program, and Outdoor School (camp) program. Teaching staff was reduced and German classes and some art classes were dropped.

To reverse this situation, the district invited community participation in analyzing the budget. The budget committee broke into subcommittees (high school, middle school, elementary school, districtwide programs, and maintenance and transportation), all open to community volunteers. Through this process, the public was informed and the budget was trimmed according to the community's priorities.

To pass the tax base, the district took advantage of an Oregon School Boards Association workshop on getting tax bases passed. It then commissioned a survey of public opinion about the schools and appointed a prominent and respected community leader to organize a campaign. Citizen groups took charge of voter registration, checked polls on election day, and called voters who had not voted. The levy passed by a small margin.

Using similar strategies, the Phoenix-Talent School District passed a new tax levy in 1986. The West Linn School District also got a new tax base in 1986, using the additional device of having the budget committee meetings aired on the local television station.

This formula for marshalling public support is not foolproof. Districts that have done everything recommended above still have occasionally found themselves unable to pass a tax base. One district having this experience reported: "Our public opinion survey showed that people were happy with the schools and the job we were doing. The bottom line was, they just didn't want to pay taxes." In the light of information gathered by Philip K. Piele (1983), however, the advice in this section still seems worth pursuing.

Piele reports that public support for schools in this country has undergone fundamental and far-reaching changes. Between 1950 and 1970, those most likely to vote on school issues were white, middle-aged, well-educated homeowners with children in school and who trusted public officials. These and other parents with children in school tended to be "yes" voters. Now parents with children in schools seem no more likely than other groups to support school issues.

In the 1970s this change was accompanied by a general decline of confidence in public officials and institutions, including public schools. This

change is reflected both in public opinion surveys and in declining success rates for passage of school levies. Even the ethic of "commitment," which seems to be replacing the "me first" norm of the 1960s generation, offers little hope. Affluent, well-educated, professionally employed parents and nonparents alike seem more likely to support taxes for parks and performing arts centers than for public schools. Demanding less of their children, they also seem less willing to sacrifice for them.

The picture painted by Piele may be bleak, but, as he points out, there are hopeful signs:

More and more school districts are now offering the kind of rigorous, differentiating, firm-handed education—either systemwide or as an alternative—that many American parents seem to want. If these trends continue and are accompanied by signs of improved student behavior, better language skills, and higher SAT and ACT scores, some of the loss of public confidence in and support for public schools may well be restored by the end of this decade.

Piele cites the example of a Minneapolis school district that increased public satisfaction with its schools by responding to parental demand for more learning options and parental involvement in exercising those options. And in Portland, white parents who had previously enrolled their children in private schools sought their admission to a new middle school in a largely black neighborhood, attracted by a new curriculum emphasizing the visual and performing arts, ethnic studies, science, and microcomputers.

In conclusion, the message of this chapter is that the public supports its schools when it does not feel alienated from the system and when it perceives the schools as expressing its values and priorities. Citizen advisory committees and other devices that encourage public participation in the affairs of the schools can do much to promote a sense of community pride and ownership. School districts gain public support, then, by cultivating community participation in budget preparation, educational goal-setting, school events, playground equipment acquisition, or any other activity that promotes a sense of involvement.

Conclusion

Although technical knowledge is required to develop and operate a school budget, sources of information and assistance are readily available to those who need help. How to handle a budget is not a guarded secret. The secret of success in budget matters seems rather to lie in two other factors. First, the successful school district is one that has a dedicated and professional staff who take pride in the services they offer to the community. Second, it is a district that successfully promotes community pride and involvement in the affairs of the schools at all levels.

Even with the best of management, however, the local school district cannot operate without a voter-approved property tax levy. On the average, over 50 percent of Oregon school district operating revenues come from local property taxes, and this can run as high as 80 percent in some districts. Of the state's 306 school districts, 171 have adequate tax bases, 71 have out-of-date tax bases, and 64 districts have none. The state's Basic School Support Fund (collected from individual and corporate income taxes) accounts for only 25 percent of local operating revenues. Consequently, many districts must seek voter approval of tax levies on a year-to-year basis; the inability of some districts to obtain such approval has caused them to make undesirable cuts and in some cases to temporarily close their schools.

The districts surveyed for this Bulletin have used a combination of sound business and accounting practices, creativity in cutting costs, and community and staff involvement in budget development to maintain financial integrity. It is hoped that the ideas, practices, and experiences described in this Bulletin will help other school districts to achieve their responsibility of educating their children.

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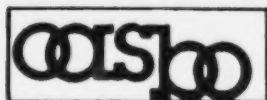
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**CATEGORIES AND COMPETENCIES:
GUIDELINES FOR THE PROFESSIONAL DEVELOPMENT OF
SCHOOL BUSINESS OFFICIALS IN OREGON**

INTRODUCTION

The development and continuing education of school business officials is a growing need in Oregon. The dynamic environment of educational administration demands greater emphasis on effective operation within limited resources, the use of technological advances, and constructive communications skills. The development of these areas is essential to school business officials, who carry responsibilities extending across a multitude of educational areas.

The objective of this project is to develop a guide for current and aspiring school business officials to acquire the capabilities for success. Further, these standards can assist Oregon school boards and superintendents in selecting and developing qualified school business officials.

School business is people business; and people are the most valuable resource to be managed by the chief business official. For successful management, this resource requires continual investment and reinvestment--in other words, staff development. It is essential that school business officials constantly maintain their personal management skills and provide staff-development leadership for other school business staff.

The successful school business manager must balance all the needs of the district with an appreciation for the interests of the taxpayer. In addition, as Frederick W. Hill states in the 1982 edition of THE SCHOOL ADMINISTRATOR, "The business official must always remember that the schools are established to teach children, that those who are charged with the responsibility for this teaching are the ones who require and will appreciate prompt and efficient services by the business department."

To assure that Oregon schools can meet the challenges facing them now and in the future, the following categories and competencies are identified for the professional development of school business officials in Oregon. These are guidelines, designed to evolve through annual evaluation and direct feedback from business officials and districts.

Submitted April 26, 1985, by the OASBO Professional Development Task Force:

Mark Bjerke - Hermiston
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PROFESSIONAL DEVELOPMENT FOR OREGON SCHOOL BUSINESS OFFICIALS

<u>Category</u>	<u>Subcategory</u>	<u>Competency</u>	<u>Source of Competency</u>				
			<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u> *
31 A. GENERAL	1. Communication	a. Clarify business-management goals to identify needs and priorities for improving business operations.					
		b. Develop an effective two-way communication program for staff and community concerning the business operations.					
		c. Provide a system to periodically evaluate the effectiveness of the various business operations.					
		d. Develop and implement effective oral and written communication with staff and the community.					
	2. Organization	a. Develop and implement an effective organizational structure for business operations.					
		b. Create a productive, supportive working climate for staff.					
	3. Current Management Techniques	a. Use effective management skills and techniques in the operation of business programs.					
B. FINANCE	1. Financial Planning and Budgeting	a. Apply Oregon Local Budget Law in preparing an annual budget document.					
		b. Design a process for annual budget preparation.					
		c. Apply the process of program budgeting.					
		d. Oversee preparation of budget calendar, budget document, required publications, hearings, filings, and elections.					
		e. Provide budget information as needed to district staff, patrons, and the media.					

*A = College class; B = OASBO workshop; C = Non-OASBO workshop; D = Individual study; E = On-the-job experience

<u>Category</u>	<u>Subcategory</u>	<u>Competency</u>	<u>Source Competency</u>				
			<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u> *
	2. Fiscal Operations	a. Ensure that a system is in operation for prompt and accurate invoicing, collecting, depositing, and accounting for receivables. b. Ensure that a system is in operation for producing an accurate, timely payroll and disbursing associated remittances to other agencies. c. Ensure that a system is in operation for making accurate, timely payment to vendors for district goods and services. d. Ensure that accounting and record keeping for district financial operations is performed in accordance with state guidelines and fund-accounting principles. e. Oversee the internal accounting control system to ensure appropriate use of resources. f. Prepare periodic financial reports and useful analyses for management information. g. Coordinate and provide necessary data for the annual independent audit of district records. h. Coordinate financial and accounting aspects of capital construction and investment of bond proceeds. i. Provide for inventory control of fixed assets.					
	3. Cash Management	a. Exercise prudent stewardship of district cash and investments in accordance with state law, so that sufficient funds are available for current transactions and funds not currently needed are invested. b. Arrange to borrow short-term funds, if needed, on the most favorable terms. c. Establish, maintain, and evaluate effective banking services.					

*A = College class; B = OASBO workshop; C = Non-OASBO workshop; D = Individual study; E = On-the-job experience

<u>Category</u>	<u>Subcategory</u>	<u>Competency</u>	<u>Source</u>		<u>Competency</u>				
			A	B	C	D	E	*	
C. PERSONNEL	1. Personnel Management	a. Select, assign, and evaluate staff.							
		b. Provide for positive interpersonal relationships in the work environment.							
	2. Labor Contract Management	a. Practice effective negotiating skills.							
		b. Administer the effective resolution of employee-district concerns.							
	3. Staff Development	a. Exercise leadership in implementing a staff-development program.							
	4. Fringe Benefit Administration	a. Effectively select vendors and communicate employee fringe benefits in accordance with established labor contracts.							
D. FACILITIES 33	1. Construction	a. Understand alternatives for and procedures to acquire long-term debt financing.							
		b. Understand construction bidding, bonds, and contracts.							
		c. Supervise construction through completion.							
		d. Identify, evaluate, and select appropriate district sites.							
	2. Facilities Planning	a. Practice effective project-administration techniques.							
		b. Understand needs assessments, statistical projections, and demographics.							
		c. Implement a process to produce educational and/or program specifications.							
		d. Implement a process to produce construction documents.							
		e. Understand legal/code requirements for construction.							

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<u>Category</u>	<u>Subcategory</u>	<u>Competency</u>	<u>Source / Competency</u>				
			<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u> *
		f. Understand the unique aspects of renovation/remodeling.					
		g. Select appropriate, cost-effective equipment.					
		h. Understand the local and state land-use processes.					
	3. Plant Maintenance	a. Supervise the repair of buildings, equipment, and grounds.					
		b. Implement a preventive-maintenance system.					
		c. Administer the selection and supervision of contracted maintenance services.					
		d. Direct an effective inventory system.					
		e. Apply effective maintenance-scheduling concepts.					
	4. Plant Operations	a. Organize work schedules for plant operations.					
		b. Establish and monitor custodial standards.					
		c. Analyze the cost effectiveness of district custodial operations.					
	5. Property Management	a. Identify alternatives for and implement the disposal of district property and equipment.					
		b. Negotiate and administer lease, lease-purchase, and rental agreements.					
		c. Preserve and care for assets not currently being used by the district.					
	6. Energy Management	a. Develop and implement districtwide energy-conservation plans.					
		b. Organize and implement cost-effective energy modifications and monitoring systems.					

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<u>Category</u>	<u>Subcategory</u>	<u>Competency</u>	<u>Source</u>		<u>Competency</u>		
			A	B	C	D	E *
E. AUXILIARY SERVICES	1. Data Processing (DP)	c. Understand the impact of the energy requirements for new-facilities/renovations designs.					
		a. Evaluate the effectiveness of DP hardware and software for providing management information to the district.					
		b. Utilize the business applications of DP.					
		c. Evaluate the cost effectiveness of the DP department.					
	2. Food Service	a. Administer state and federal reimbursement programs.					
		b. Evaluate cost effectiveness of the food-service program.					
	3. Insurance and Risk Management	a. Apply the basic concepts of risk management, and administer school-district liability and property insurance to select the most cost-effective protection.					
		b. Select and evaluate the district agent of record and/or risk-management consultant.					
		c. Apply the state workers-compensation laws and administrative rules.					
		d. Administer effective safety and security programs.					
	4. Legal	a. Comply with state laws applicable to school districts and general business operations.					
		b. Develop proposals for and/or evaluate the district's existing attorney services.					
		c. Apply the legislative processes in relation to responsibility areas.					
	5. Purchasing	a. Comply with purchasing and contracting rules.					
		b. Analyze and compare district-provided and contracted services.					

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<u>Category</u>	<u>Subcategory</u>	<u>Competency</u>	<u>Source</u>		<u>Competency</u>				
			A	B	C	D	E	*	
		c. Develop specifications for and evaluate proposals for district goods and services.							
		d. Evaluate products to determine if they are appropriate and cost effective.							
		e. Establish and maintain good vendor relationships.							
	6. Transportation	a. Comply with state laws and administrative rules concerning pupil transportation.							
		b. Evaluate the efficiency and effectiveness of the transportation operation.							
		c. Administer an equipment maintenance and replacement program.							
	7. Warehousing and Distribution	a. Effectively utilize the warehouse and distribution resources available to the district.							

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